



U.S. Department of the Interior
Office of Inspector General

AUDIT REPORT

SAFETY AND HEALTH PROGRAM,
DEPARTMENT OF THE INTERIOR

REPORT NO. 96-I-609
MARCH 1996



United States Department of the Interior

OFFICE OF THE INSPECTOR GENERAL
Washington, D.C. 20240

MAR 29 1996

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Audit Report for Your Information - "Safety and Health Program, Department of the Interior" (No. 96-I-609)

Attached for your information is a copy of the subject final audit report.

The safety and occupational health programs managed by the U.S. Fish and Wildlife Service, the Bureau of Indian Affairs, the Bureau of Land Management, the National Park Service, and the Bureau of Reclamation were ineffective in providing a safe employee workplace and in preventing work-related illnesses and injuries. Additionally, these bureaus did not periodically review Workers' Compensation cases attributable to work-related accidents and illnesses. Consequently, previously injured Department of the Interior employees who had apparently recovered from their work-related disabilities inappropriately continued to receive Workers' Compensation benefits. Specifically, approximately one-half of the 1,233 Departmental employees who received long-term benefits during 1994 potentially could have been rehabilitated and returned to work, resulting in an \$11.8 million savings. The Department agreed with all seven of our recommendations to correct these deficiencies.

If you have any questions concerning this matter, please contact me or Ms. Judy Harrison, Assistant Inspector General for Audits, at (202) 208-5745.

Attachment



United States Department of the Interior

OFFICE OF THE INSPECTOR GENERAL
Washington, D.C. 20240

MAR 29 1996

Memorandum

To: Assistant Secretary, for Policy, Management and Budget

From: Judy Harrison *Judy Harrison*
Assistant Inspector General for Audits

Subject: Final Audit Report on the Safety and Health Program, Department of
the Interior (No. 96-I-609)

This report presents the results of our review of the Department of the Interior's Safety and Health Program for fiscal years 1990 through 1994. The audit objective was to determine whether the Department and its bureaus: (1) provided a safe and healthful workplace for employees and volunteer workers; (2) implemented reasonable corrective measures to reduce incidents of work-related injuries and illnesses; and (3) adequately accounted for and investigated work-related injuries and illnesses to enable necessary corrective actions to be made, including adequate oversight of Workers' Compensation cases.

Our review disclosed that the safety programs managed by the National Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, the Bureau of Reclamation, and the U.S. Fish and Wildlife Service were not effective in preventing work-related accidents and illnesses. This occurred because senior-level bureau management did not provide sufficient support and resources to emphasize the safety programs and because existing field-level policies and procedures were not implemented to ensure reasonably safe workplaces. As a result, work-related accidents and illnesses in recent years have risen to unacceptably high levels, along with the associated Workers' Compensation costs, which totaled nearly \$45 million in 1994.

Further, we found that Workers' Compensation cases attributable to work-related accidents and illnesses were not periodically reviewed. Consequently, many previously injured claimants continued to receive long-term Workers' Compensation benefits despite having possibly recovered from their disabilities. Moreover, approximately one-half of the 1,233 Departmental employees receiving long-term benefits during 1994 potentially could have been rehabilitated and returned to work, resulting in an \$11.8 million savings.

We made six recommendations to promote management support and employee participation in the Department's Safety Program, as well as to ensure compliance with the Departmental Manual Safety Program requirements, and we made one recommendation to improve the management of long-term Workers' Compensation cases.

The October 5, 1995, response (Appendix 3) from the Director of Operations and Designated Agency Safety and Health Official, Office of the Assistant Secretary for Policy, Management and Budget, Office of the Secretary, included responses from four of the five bureaus addressed in our draft report. The Office of the Secretary concurred in principle with the recommendations. Based on the response, we consider four recommendations resolved and implemented and three recommendations resolved but not implemented. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation, and no further response to the Office of Inspector General is required (see Appendix 4). Additionally, we considered other comments in the response and changed the final report where appropriate.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

cc: Assistant Secretary for Fish and Wildlife and Parks
Assistant Secretary for Indian Affairs
Assistant Secretary for Land and Minerals Management
Assistant Secretary for Water and Science
Commissioner, Bureau of Reclamation
Deputy Commissioner, Bureau of Indian Affairs
Director, Bureau of Land Management
Director, U.S. Bureau of Mines
Director, U.S. Fish and Wildlife Service
Director, U.S. Geological Survey
Director, Minerals Management Service
Director, National Park Service
Director, Office of Surface Mining Reclamation and Enforcement
Chief, Division of Management Control and Audit Follow-up
Director, Office of Audit and Evaluation, Indian Affairs
Audit Liaison Officer, Fish and Wildlife and Parks
Audit Liaison Officer, Land and Minerals Management
Audit Liaison Officer, Water and Science
Audit Liaison Officer, Bureau of Land Management
Audit Liaison Officer, U.S. Bureau of Mines
Audit Liaison Officer, Bureau of Reclamation
Audit Liaison Officer, U.S. Fish and Wildlife Service
Audit Liaison Officer, U.S. Geological Survey
Audit Liaison Officer, Minerals Management Service
Audit Liaison Officer, National Park Service
Audit Liaison Officer, Office of Surface Mining Reclamation and Enforcement

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INTRODUCTION

BACKGROUND

The Department of the Interior is required by Executive Order 12196 and the Occupational Safety and Health Act of 1970 to provide a safe and healthful workplace for employees, as well as for the visiting public. As the Designated Agency Safety and Health Official for the Department, the Director of Operations, Office of the Assistant Secretary for Policy, Management and Budget, has overall responsibility for administering the Safety and Health Program for the Department. A Designated Agency Safety and Health Official at each bureau helps administer the individual bureau safety programs. Additionally, the Department's Office of Occupational Safety and Health assists by: (1) providing oversight and guidance for the safety programs; and (2) representing the Department in safety program matters that concern other Federal agencies, such as the Department of Labor's Occupational Safety and Health Administration.

Injury frequency rates involving the Department of the Interior's 76,000 employees and 124,000 volunteers annually rank among the highest in the Federal Government. In fiscal year 1993, for example, the Department reported 7.6 injuries for every 100 workers, which exceeded by 42 percent the 5.4 average injury rate for all Federal Government agencies. The U.S. Postal Service was the only major Federal agency with a higher accident rate. Furthermore, the injury frequency rates for certain Interior bureaus were much greater than the Federal Government average. For example, in 1994, the National Park Service incurred 14.5 injuries for every 100 workers, while the Bureau of Land Management and the U.S. Fish and Wildlife Service both reported 8 injuries per 100 workers (see Figure 1).

Although accidents occur in all job classifications, most injuries occur in occupations that are usually performed outdoors, such as general support work, maintenance work, biological sciences, forestry, and park management. However, other Federal agencies¹ conduct operations in a similar outside environment but maintain lower accident rates than the Department.

While employment levels have remained relatively unchanged in recent years, the Department's accident frequency rates have increased from 7.3 injuries per 100 workers in 1990 to 8.5 injuries per 100 workers in 1994 (a 16 percent increase), and the number of injured employees increased from 5,543 in 1990 to 6,148 in 1994 (an 11 percent increase). Additionally, Workers' Compensation costs for this period rose from \$35.3 million to \$44.7 million (a 26.7 percent increase) as the number of current and long-term cases grew from 7,545 to 8,932 (an 18 percent increase).

¹For comparison purposes, the "Occupational Safety and Health Summary of Statistics of the Federal Government," published by the Department of Labor's Occupational Safety and Health Administration, reported the following accident frequency rates per 100 workers for fiscal year 1993: U.S. Forest Service, 6.94; Soil Conservation Service, 2.40; Army Corps of Engineers, 5.31; and the Tennessee Valley Authority, 5.56.

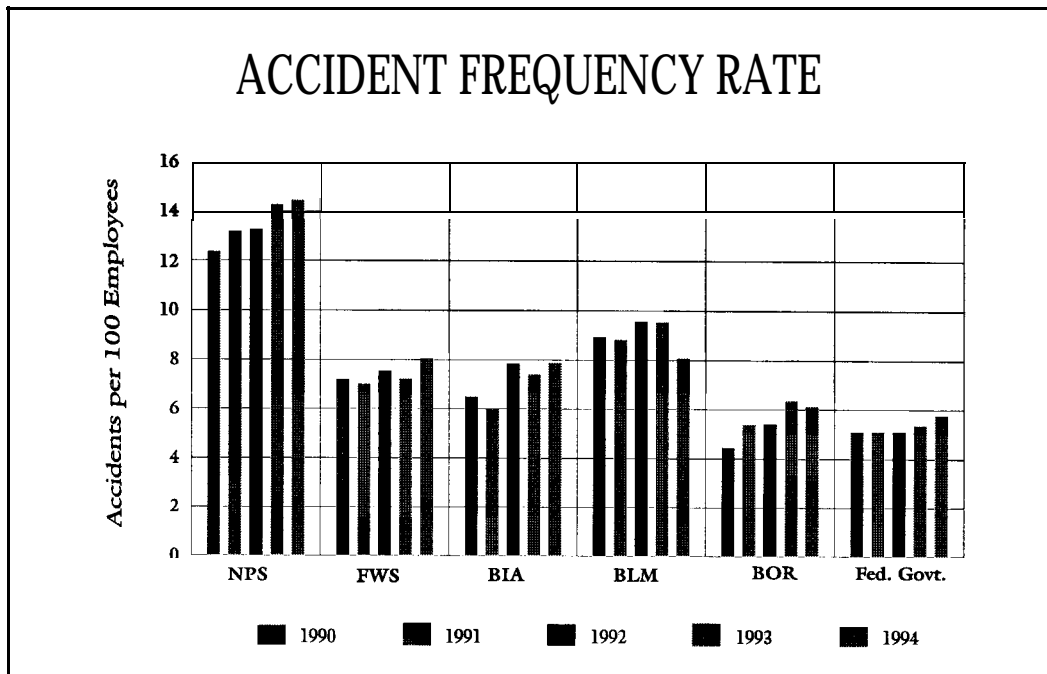


Figure 1. Accident frequency rates from 1990 through 1994 for selected Department of the Interior bureaus and the Federal Government. (U.S. Department of Labor statistics)

These accidents also resulted in lost productivity. For example, during 1994, the bureaus reported 3,660 accidents in which employees were injured seriously enough to lose work time. These accidents involved over 147,000 hours in lost work time and represented over \$2 million in lost productivity. Further, the total amount of work time lost in 1994 was actually much greater because most of the 1,233 workers with long-term disabilities from prior years were also unemployed during 1994.

OBJECTIVE AND SCOPE

The overall audit objective was to determine whether the Department and its bureaus effectively managed the Safety and Health Program. Specifically, we were to determine whether the Department and its bureaus took the following actions: (1) provided a safe and healthful workplace for employees and volunteer workers; (2) implemented reasonable corrective measures to reduce incidents of work-related injuries and illnesses; and (3) adequately accounted for and investigated work-related injuries and illnesses to enable necessary corrective actions to be made, including adequate oversight of Workers' Compensation cases.

The original audit scope consisted of the Safety and Health Program managed by the Department and each bureau from fiscal years 1990 through 1994. Our audit survey disclosed that five bureaus (the National Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, the Bureau of Reclamation, and the U.S. Fish and Wildlife Service) accounted for most of the injuries (91 percent in

1993) and had the highest accident frequency rates in the Department. Accordingly, our audit emphasis was on determining why the number of injuries and the accident frequency rates were so high in these five bureaus and to identify recommendations that would improve workplace safety for these bureaus.

During our audit, we visited or contacted the offices and field locations within the Department of the Interior and other Federal agencies listed in Appendix 2. We interviewed safety program officials, as well as other cognizant personnel, from the Department and its bureaus and other Federal agencies to obtain relevant safety program data.

Our audit was performed in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of the audit, we reviewed the Department of the Interior's Annual Statement and Report to the President and the Congress for fiscal years 1990 through 1993, required by the Federal Managers' Financial Integrity Act, to determine whether any reported weaknesses were within the objective and scope of our audit. In all 4 years, the reports disclosed that the lack of proper maintenance had created safety hazards at schools operated by the Bureau of Indian Affairs. The 1993 report stated that corrective action for this material weakness would be an ongoing project through 1999. Our review confirmed that this weakness existed, and we identified additional deficiencies in the safety programs of the five bureaus included in our review, which are discussed in the Findings and Recommendations section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

PRIOR AUDIT COVERAGE

The General Accounting Office has not issued any audit reports in the past 5 years concerning the Department of the Interior's Safety and Health Program. However, the Office of Inspector General has issued three audit reports in the past 5 years related to the Safety and Health Program as follows:

- The July 1993 report "Workers' Compensation Program, Department of the Interior" (No. 93-I-1309) stated that the bureaus did not ensure that injured employees were placed in light duty assignments or returned to regular work when they had recovered sufficiently from their injuries. Additionally, the bureaus did not maintain adequate accountability and control over data contained in Workers' Compensation reports. The audit report's five recommendations were partially resolved at the time of our current review.

- The September 1994 report "Safety and Health Program, National Park Service" (No. 94-I-1287) stated that the Park Service did not provide an adequate level of protection for its workers and that the Park Service's employee workplace accident and injury rate was twice the rate of other Departmental bureaus. The

audit report's four recommendations were resolved but not implemented at the time of our current review.

- The March 1995 report "Selected Aspects of the Safety and Health Program of Menominee Tribal Enterprises, Bureau of Indian Affairs" (No. 95-1-690) stated that the Bureau did not assist the Menominee Tribe in establishing an adequate level of safety protection for the Tribe's forestry workers. The audit report's recommendation was implemented at the time of our current review.

The Occupational Safety and Health Administration of the U.S. Department of Labor periodically reviews the safety and health programs of the major Federal agencies. The last evaluation of the Department of the Interior was conducted in 1989, and it disclosed numerous deficiencies in the Safety Program, including the lack of support from senior-level management and an inadequate occupational health program. The report noted that the Department's injury frequency rates consistently exceeded the average for the Federal Government and cited the increasing accident rates and costs incurred by the National Park Service and the Bureau of Land Management. Our current review found that the report's 13 recommendations were only partially implemented and that most of the Safety Program weaknesses identified by the Department of Labor still existed.

FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT OF THE SAFETY AND HEALTH PROGRAM

The safety and health programs managed by the National Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, the Bureau of Reclamation, and the U.S. Fish and Wildlife Service were not effective in preventing work-related injuries. The Department of the Interior is required by Executive order and the Occupational Safety and Health Act to provide safe and healthful working conditions for all workers. Deficiencies in the safety programs were primarily caused by the lack of an adequate level of support for the Safety and Health Program by bureau managers, who generally were not held accountable for ensuring a safe workplace. Additionally, field-level policies and procedures that were not fully implemented by the bureaus contributed to the Program deficiencies. As a result, safety-related initiatives were not aggressively promoted, and the Department's injury frequency rates in recent years exceeded the rates for almost all other Federal agencies. Further, work-related injuries for some bureaus have increased significantly since 1990, along with the associated Workers' Compensation costs, which totaled \$44.7 million in 1994.

In 1980, the President issued Executive Order 12196, which directed each agency to furnish workplaces that are reasonably healthful and free of hazards. Agencies were also required to ensure the well-being of employees by establishing an effective occupational safety and health program in accordance with the Occupational Safety and Health Act of 1970. The specific safety standards described in the Act are contained in the Code of Federal Regulations (29 CFR 1960). These safety standards form the basis of the Department of the Interior's Safety Program and are incorporated in the Departmental Manual (485 DM).

The Department's Safety and Health Program is intended to function as an overall plan of actions and initiatives that together will result in overall safe and healthful working conditions within the Department. Workplace safety should represent an integral part of bureau operations; therefore, annual action plans and performance reviews for bureau programs should include specific Safety Program objectives. We further believe that senior- and field-level managers should be held accountable for preventable work-related injuries that occur under their supervision and that implementation of these measures would help management promote initiatives that ensure safer workplaces.

Safety Program Results

We found that the effectiveness of bureau safety programs was diminished because senior-level managers frequently were not held accountable for ensuring a safe workplace. For example, at over 60 percent of the offices we contacted, the job performance of managers as it relates to workplace safety was not an element in their job appraisals. Also, the causes of work-related injuries and illnesses often

were not analyzed so that corrective action to prevent future incidents could be identified. Additionally, the bureaus frequently did not seek to identify and eliminate workplace hazards through standard techniques such as facility safety inspections, employee health monitoring, and job hazard analysis. These and other procedures that would promote an effective Safety Program are required by the Departmental Manual (485 DM). Through proactive management, we believe that many workplace hazards could be eliminated or at least controlled more effectively. Although we attributed the overall Safety and Health Program deficiencies to inadequate management support and a lack of accountability for Program results, we found other field-level deficiencies that reduced the effectiveness of the Program.

Resource Allocation. We found that safety program funding and staffing were not applied to the bureau locations where these resources were needed most. For example, each bureau safety program is managed from a central Safety Management Office, which usually consists of several full-time safety and health professionals. Each bureau's main regional office usually has a full-time Safety Manager, who may be assisted by one or more full-time or collateral duty employees. However, at the field-office level, where the majority of employees are located, safety program duties are generally assigned to a single individual as a collateral duty. The regular positions of these collateral duty Safety Officers cover a wide variety of job classifications, such as maintenance worker or administrative office worker. This person typically has neither previous work experience nor an educational background in the safety and health field. Further, collateral duty Safety Officers generally devote less than 20 percent of their time to the safety program. Consequently, even though most accidents occur at remote offices and in field locations as opposed to headquarters and main regional offices, sufficient safety program resources are not available at the field level. Therefore, the Department and its bureaus need to reevaluate the present system of safety program funding in order to emphasize program efforts at the field locations, where most employees are located.

Safety Inspections. We found that safety inspections were not conducted at all bureau facilities in accordance with Departmental regulations, which require each bureau to have personnel who are trained in hazard recognition and inspection procedures conduct annual safety inspections of its establishments and perform followup inspections to verify that the problems have been corrected. The safety inspection process for the Department is an enormous project, as thousands of bureau-managed facilities and other sites are spread over immense land areas. For example, the Fish and Wildlife Service manages 488 National Wildlife Refuges, along with 259 other field sites, and the National Park Service manages 368 park units containing over 20,000 structures and housing units.

We found that the limited number of bureau safety program officials available could only partially complete the inspections and the followup verifications. For example, safety inspections and followup verifications were completed in the past year at only 10 (18 percent) of the 56 sites we visited. The Fish and Wildlife Service's Regions 1 and 3 Safety Management Offices inspected less than 20 percent of their respective field stations during the 18-month period ended June 1994. Additionally, the Bureau

of Indian Affairs had not developed abatement plans for 15,200 (35 percent) of the 43,680 safety deficiencies identified and still uncorrected as of May 1994.

Considering the importance of ensuring that all bureau workplaces are reasonably free of hazards, we believe that bureau Safety Management officials should obtain assistance to complete the safety inspections. For instance, safety inspections could be conducted by non-safety program employees stationed at or near each facility or by personnel employed by other bureaus. The bureaus could provide training in safety inspection procedures to these employees, and the results of the inspections could be forwarded to the applicable Safety Management Office for oversight, review, and followup.

Health Evaluations. We found that occupational health evaluations for most bureau facilities also had not been performed because of a lack of sufficiently qualified personnel. The Departmental Manual (485 DM 17) requires each bureau to establish an occupational health program in which an industrial hygienist or health physicist inspects workplace facilities for health hazards. However, the bureaus have only a few staff members who are qualified to perform occupational health services. Consequently, minimal numbers of health evaluations have been conducted. As a result, health hazards may not be detected, and employees maybe at increased risks for work-related injuries or illnesses.

Safety Committees. The Departmental Manual (485 DM 9) recommends that bureaus establish Safety Committees at headquarters and appropriate field offices for the purposes of enhancing workplace safety and health and to advise management on safety issues. The Department's Safety Program, which exists for the benefit of all employees, functions most effectively when the entire workforce actively participates in ensuring a safe workplace. One way to ensure employee participation in the Safety Program is to require bureau offices to form Safety Committees, which are composed of personnel not involved in safety programs. However, 52 percent of the bureau offices we visited either did not have a Safety Committee or the cognizant Safety Program official said that the Committee was "ineffective" because of inadequate management support.

Workers' Compensation Accountability. Traditionally, Workers' Compensation costs have been charged to the central budget of the bureaus rather than to the regional office, field office, or other organizational level where the injuries occur. As a result, the Secretary of the Interior issued a May 1992 directive requiring Workers' Compensation costs to be identified to the responsible organizational levels that incurred the costs to ensure that field-level managers were aware of the cost impact of accidents and of their responsibility for maintaining viable safety programs. The Bureau of Reclamation recognized these potential benefits and in 1994 became the only Departmental bureau to begin charging Workers' Compensation costs to lower organizational levels.

Safety Program Oversight

The Office of Occupational Safety and Health administers the Department's Safety Program and provides general oversight of the bureau safety programs. One of the Office's functions is to evaluate the effectiveness of each bureau safety program in a comprehensive review, known as a Safety Management Evaluation. We found that these evaluations improved the bureau safety programs; however, bureau officials have not always concurred with the findings and recommendations for certain evaluations. For example, bureau officials objected to the findings and recommendations in the evaluations conducted in 1992 of the National (formerly Boise) Interagency Fire Center and the National Park Service's Mid-Atlantic Regional Office. Consequently, recommendations to improve workplace safety at the Fire Center were not resolved, and the final safety evaluation report to the Park Service's Regional Office was not issued. Therefore, certain recommendations that would have improved the workplace safety at both locations were not implemented.

Since the Office of Occupational Safety and Health serves only in an advisory capacity to the bureaus, differences in opinion on health and safety issues between the Office and a bureau sometimes are not resolved. In our opinion, the Safety Management Evaluation process represents an important function performed by the Office for the benefit of the bureaus and the entire Department. The process is also the only objective review of a bureau's safety program conducted by an independent party within the Department. Therefore, we believe that the Office and bureaus should refer any concerns reflecting differences in health and safety issues to the Department's Designated Agency Safety and Health Official for final resolution. This will ensure that the bureaus fully respond to all Safety Management Evaluation recommendations.

Safety Program Initiatives

The bureaus have long devoted considerable attention to protecting the safety of visitors to public lands, and in the past few years, safety program officials have implemented certain initiatives on behalf of employees. The most prominent undertaking of the Department, known as the Occupational Safety and Health Strategic Plan, commenced in October 1994 as a 3- to 5-year effort to foster safety awareness and individual employee participation in the Safety Program. The Strategic Plan combines the bureaus' separate capabilities to maximize their accomplishments and has a stated goal of zero losses of human and material resources.

In another example, the Office of Occupational Safety and Health has undertaken a Departmentwide effort to enhance the professionalism and education of safety program officials. The Office administers a career development program and is currently producing a video instructional series that will enable employees at remote locations to receive safety training. These initiatives are seriously needed, since over half of the safety program officials we interviewed expressed a need for more

training. Additionally, many bureaus have implemented specific programs designed to address their unique safety problem areas. For example, the National Park Service has a program to address the proper handling of explosive materials; the Bureau of Land Management has a seat belt usage awareness program and an employee health monitoring program for hazardous materials; and the Bureau of Indian Affairs has a back injury prevention initiative and a firefighting safety awareness program. We believe that each of these initiatives will eventually result in improved working conditions for all employees.

Summary

Our review found that the overall effectiveness of the Department of the Interior's Safety Program had certain obstacles that could not be overcome solely by Safety Program officials. Specifically, managers and employees at every level of the Department and its bureaus should become more aware of and accountable for safety issues. Also, the Safety Program should not be considered a separate program that functions apart from regular bureau operations, nor should the various components of the Safety Program be considered in isolation of each other. Instead, Safety Program goals and initiatives should be incorporated into all Departmental programs, and the various components of the Safety Program should be considered as interdependent parts of the whole program. Only in this way will significant reductions in the Department's accident rates be achieved.

Recommendations

We recommend that the Assistant Secretary for Policy, Management and Budget direct the National Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, the Bureau of Reclamation, the U.S. Fish and Wildlife Service, and the remaining Departmental bureaus to take, to the extent practicable, the following actions to improve their safety and health programs:

1. Include, as part of the annual action plans and performance reviews of bureau programs, specific and measurable safety and health program initiatives as determined to be necessary by Departmental and Bureau Designated Agency Safety and Health Officials,
2. Establish a Safety Committee in each bureau office, as appropriate, for the purpose of assisting management in implementing Safety Program initiatives.
3. Utilize the Department's Designated Agency Safety and Health Official as the mediator to resolve differences of opinion on health and safety issues between the bureaus and the Office of Occupational Safety and Health.

We recommend that the Assistant Secretary for Policy, Management and Budget direct the Bureau of Land Management, the Bureau of Indian Affairs, the Bureau

of Reclamation, and the U.S. Fish and Wildlife Service to take the following actions to improve these bureaus' safety and health programs:

4. Establish a cost-awareness initiative by identifying, distributing, and charging (in full or in part) Workers' Compensation costs to the operating budget of the lowest practicable organizational unit of each bureau.

5. Evaluate and determine the appropriate levels of authority, staffing, and resources that are needed to implement safety and health programs that sufficiently comply with the safety standards contained in the Departmental Manual (485 DM).

6. Ensure that comprehensive facility safety inspections are conducted and identified health hazards are abated in accordance with the Departmental Manual (485 DM 6) and that occupational health inspections are conducted in accordance with the Departmental Manual (485 DM 17).

Office of the Secretary Response

The October 5, 1995, response (Appendix 3) from the Director of Operations and Designated Agency Safety and Health Official, Assistant Secretary for Policy, Management and Budget, Office of the Secretary, generally agreed with all the recommendations. The Office also stated that the Department's Occupational Safety and Health Strategic Plan is addressing many of the weaknesses identified in the audit report.

Recommendation 1. The Office stated concurrence "in principle" with the recommendation. The Office further stated that the action recommended is currently being accomplished through implementation of the Strategic Plan and that the individual bureaus take "ownership" of specific (safety and health related) actions which are developed and implemented.

Recommendation 2. The Office stated concurrence "in principle." The Office further stated that Safety Committees can be "valuable" at the field level but are "less effective" at upper management levels.

Recommendation 3. The Office stated concurrence "in principle." The Office further stated that the Department's Designated Agency Safety and Health Official is the senior management official in the Department with responsibility and authority to act on Occupational Safety and Health issues in the Department.

Recommendation 4. The Office stated concurrence "in principle" but the Office stated that the "real objective" of the Workers' Compensation cost control is to "create management awareness" of the actual cost of accidental injuries and illnesses. The Office further stated that Workers' Compensation cost awareness is best achieved through a performance-based requirement and management cost-reduction incentives.

Recommendation 5. The Office stated concurrence "in principle" but noted that it is "unlikely" that additional resources could be devoted to compliance with the Safety Program and that the Strategic Plan is being used to improve the effectiveness of existing Occupational Safety and Health resources.

Recommendation 6. The Office stated concurrence. The Office further stated that the Strategic Plan will improve the Department's ability to conduct facility safety inspections and that budgetary constraints will make correcting deficiencies "even more difficult."

Office of Inspector General Comments

Based on the Office of the Secretary's response, we consider Recommendations 1, 3, 5, and 6 resolved and implemented and Recommendations 2 and 4 resolved but not implemented (see Appendix 4).

B. MANAGEMENT OF WORKERS' COMPENSATION CASES

Many previously injured Department of the Interior employees who had apparently recovered from their work-related disabilities inappropriately continued to receive Workers' Compensation benefits. In a review completed in 1994, the Department determined that nearly one-half of the employees whose injuries were at least 1-year old had sufficiently recovered and were no longer entitled to receive Workers' Compensation benefits. The Federal Employees' Compensation Act states that upon recovery from a disability, an employee must return to work and Workers' Compensation benefits should terminate. These claimants received Workers' Compensation benefits because the Department did not periodically evaluate the physical condition of each claimant. As a result, approximately one-half of the Department's 1,233 long-term claimants potentially could be rehabilitated and returned to productive employment, which would save the Department an estimated \$11.8 million.

The Federal Employees' Compensation Act, as stated in the Code of Federal Regulations (20 CFR 10.124), states that an employee's entitlement to wage loss compensation terminates once the work-related disability has ceased. Further, an employee collecting benefits under the Act must return to work upon recovery from a work-related disabling injury or illness. An employee is also obligated to cooperate with the employing agency's attempts to provide vocational rehabilitation or to place the employee in another position within reasonable work limitations and restrictions.

Workers' Compensation cases in which the claimants sustained a work-related disabling injury or illness at least 1 year ago are considered long-term cases. The 1,233 employees on the Department's long-term rolls in 1994 made up only one-tenth of the total Workers' Compensation cases but accounted for \$29.7 million (66.3 percent) of the \$44.7 million in costs paid. However, the potential exists for certain individuals to be returned to gainful employment, which consequently would reduce Workers' Compensation costs. The Office of Occupational Safety and Health identified 600 cases (representing 49 percent of the long-term cases) in which employees potentially could be rehabilitated and rehired in their former positions or, alternatively, placed in light duty jobs. The salary compensation costs paid to these individuals totaled \$11.8 million in 1994, representing an area for achieving substantial cost savings.

The Department completed a review in 1994 which supported the Office of Occupational Safety and Health's assessment that a large number of long-term cases could be removed from the Workers' Compensation Program. In this survey, the Department of Labor assisted in selecting 132 Departmental employees who had collected Workers' Compensation benefits for over 1 year. The survey indicated that certain employees had fully recuperated and could be returned to their former positions, others had sufficiently recovered and could be placed in light duty jobs, and some could retire with a medical disability. The survey also found that some employees had died but that benefits continued to be paid. Additionally, other

claimants voluntarily withdrew from the Program immediately after the initial notification of the review. The Office of Occupational Safety and Health estimated that a \$1.3 million cost savings could have been realized if these claimants had been removed from the Workers' Compensation Program. In our opinion, the Department should implement an inspection program whereby the eligibility of each long-term Workers' Compensation claim is formally evaluated on a periodic basis.

In a May 14, 1992, memorandum to the bureaus, the Secretary of the Interior expressed concern about the Department's high accident rates and directed the bureaus to initiate improved management controls over the Workers' Compensation Program. The Secretary also established a goal for each bureau to reduce the costs associated with current and long-term cases by 2 percent annually over a 5-year period. However, in the past 2 years, the bureaus have generally been unsuccessful in reducing these costs. We believe that the cost containment goals set by the Secretary could be achieved with proactive management of Workers' Compensation cases. For example, the Bureau of Indian Affairs initiated a cost reduction program in early 1994 in which a full-time coordinator was assigned to examine the eligibility of Workers' Compensation claimants. In the first year of this program, Workers' Compensation claims decreased by almost 5 percent, and the cost savings totaled \$345,000. We believe that if all the bureaus established a proactive case management system, similar improvements in gaining control over Workers' Compensation costs would be realized throughout the Department.

Recommendation

We recommend that the Assistant Secretary for Policy, Management and Budget establish an inspection program whereby the Department and its bureaus periodically review the case of each long-term Workers' Compensation claimant to determine the claimant's continued eligibility for benefits. To facilitate the inspection program, consideration should be given to establishing a Workers' Compensation case management position within each bureau.

Office of the Secretary Response

The October 5, 1995, response (Appendix 3) from the Director of Operations and Designated Agency Safety and Health Official, Assistant Secretary for Policy, Management and Budget, Office of the Secretary, concurred with the recommendation, stating that the recommendation will provide necessary justification to support the obtaining of resources to implement a Workers' Compensation case management and inspection program. Additionally, the Office "suggested [that the] recommendation be modified to indicate that a [new case management] position should be established in each bureau," that an existing position should be reprogrammed, or that the function should be contracted out.

Office of Inspector General Comments

Based on the Office's response, we consider the recommendation resolved but not implemented (see Appendix 4). With regard to specifying that new positions should be established, we believe that the bureaus are in the best position to determine their staffing requirements and to determine what resources are available to meet those requirements.

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding Area</u>	<u>Funds To Be Put To Better Use</u>
Workers' Compensation Costs for 1994	\$11.8 million*

*The Office of Occupational Safety and Health estimated \$11.8 million in costs associated with long-term Workers' Compensation claimants who could potentially be rehabilitated and returned to work. Additional unquantifiable Workers' Compensation costs result from the weaknesses in the bureau safety programs identified in this report, and these funds could also be put to better use.

OFFICES AND SITES VISITED OR CONTACTED DURING AUDIT

<u>OFFICES AND SITES</u>	<u>LOCATION</u>
<u>Department of Health and Human Services</u>	
U.S. Public Health Service, Region 8, Division of Federal Occupational Health	Lakewood, Colorado
<u>Department of the Interior</u>	
Office of the Assistant Secretary for Policy, Management and Budget	
Director of Operations	Washington, D.C.
Division of General Services	Washington, D.C.
Office of Budget*	Washington, D.C.
Office of Occupational Safety and Health	Lakewood, Colorado
Bureau of Indian Affairs	
Division of Program Development and Implementation*	Washington, D.C.
Division of Safety Management	Albuquerque, New Mexico
Aberdeen Area Office	Aberdeen, South Dakota
Cheyenne River Agency	Eagle Butte, South Dakota
Turtle Mountain Agency	Belcourt, North Dakota
Albuquerque Area Office	Albuquerque, New Mexico
Northern Pueblos Agency	San Juan Pueblo, New Mexico
San Juan Day School	San Juan Pueblo, New Mexico
Santa Clara Day School	Santa Clara Pueblo, New Mexico
Southwestern Indian Polytechnic Institute	Albuquerque, New Mexico
Billings Area Office	Billings, Montana
Crow Agency	Crow Agency, Montana
Minneapolis Area Office	Minneapolis, Minnesota
Great Lakes Agency	Ashland, Wisconsin
Menominee Tribal Enterprises	Neopit, Wisconsin

*Contacted only.

OFFICES AND SITES	LOCATION
Navajo Area Office*	Gallup, New Mexico
Fort Defiance Agency	Fort Defiance, Arizona
Hunters Point Boarding School	Hunters Point, Arizona
Pine Springs Boarding School	Pine Springs, Arizona
Rough Rock Boarding School	Rough Rock, Arizona
Phoenix Area Office*	Phoenix, Arizona
Portland Area Office	Portland, Oregon
Wapato Irrigation Project	Yakima, Washington
Yakima Agency	Yakima, Washington
Sacramento Area Office	Sacramento, California
Northern California Agency	Redding, California
Bureau of Land Management	
Support Services-Office of Safety	Washington, D.C.
Denver Service Center	Lakewood, Colorado
California State Office	Sacramento, California
Ukiah District Office	Ukiah, California
Clear Lake Resource Area	Ukiah, California
Colorado State Office	Lakewood, Colorado
Idaho State Office	Boise, Idaho
Boise District Office	Boise, Idaho
Montana State Office	Billings, Montana
Billings Resource Area	Billings, Montana
Pompeys Pillar National	
Historical Landmark	Montana
National Interagency Fire Center	Boise, Idaho
Nevada State Office	Reno, Nevada
Carson City District Office	Carson City, Nevada
New Mexico State Office*	Santa Fe, New Mexico
Albuquerque District Office	Albuquerque, New Mexico
Taos Resource Area	Taos, New Mexico
Farmington District Office*	Farmington, New Mexico

OFFICES AND SITES	LOCATION
Oregon State Office Roseburg District Office	Portland, Oregon Roseburg, Oregon
Wyoming State Office Casper District Office Platte River Resource Area Rawlins District Office Great Divide Resource Area	Cheyenne, Wyoming Casper, Wyoming Mills, Wyoming Rawlins, Wyoming Rawlins, Wyoming
U.S. Bureau of Mines Division of Organization and Management, Office of Safety	Washington, D.C.
Bureau of Reclamation Reclamation Service Center Management Services	Lakewood, Colorado
Great Plains Regional Office Montana Area Office	Billings, Montana Billings, Montana
Lower Colorado Regional Office* Phoenix Area Office*	Boulder City, Nevada Phoenix, Arizona
Mid-Pacific Regional Office No. Central California Area Office	Sacramento, California Folsom, California
Pacific Northwest Regional Office Snake River Area Office	Boise, Idaho Boise, Idaho
Minerals Management Service Support Services-Safety Office	Herndon, Virginia
National Park Service	
National Park Service Headquarters Safety Office	Washington, D.C
Mid-Atlantic Regional Office Gettysburg National Military Park Shenandoah National Park	Philadelphia, Pennsylvania Gettysburg, Pennsylvania Luray, Virginia
National Capital Regional Office George Washington Memorial Parkway	Washington, D.C. McLean, Virginia

OFFICES AND SITES	LOCATION
Harpers Ferry National Historical Park	Harpers Ferry, West Virginia
National Capital Parks - Central	Washington, D.C.
Rock Creek Park	Washington, D.C.
Pacific Northwest Regional Office	Seattle, Washington
Mount Rainier National Park	Ashford, Washington
North Cascades National Park	Sedro Woolley, Washington
Lake Chelan National Recreation Area**	Sedro Woolley, Washington
Ross Lake National Recreation Area**	Sedro Woolley, Washington
Olympic National Park	Port Angeles, Washington
Rocky Mountain Regional Office	Lakewood, Colorado
Bighorn Canyon National Recreation Area	Fort Smith, Montana
Bryce Canyon National Park	Bryce Canyon, Utah
Cedar Breaks National Monument	Cedar City, Utah
Glen Canyon National Recreation Area	Page, Arizona
Rainbow Bridge National Monument***	Page, Arizona
Mesa Verde National Park	Mesa Verde National Park, Colorado
Rocky Mountain National Park	Estes Park, Colorado
Theodore Roosevelt National Park	Medora, North Dakota
Wind Cave National Park	Hot Springs, South Dakota
Yellowstone National Park	Mammoth Hot Springs, Wyoming
Southwest Regional Office	Santa Fe, New Mexico
Bandelier National Monument	Los Alamos, New Mexico
Carlsbad Caverns National Park	Carlsbad, New Mexico
Chaco Culture National Historical Park	Bloomfield, New Mexico
Guadalupe Mountains National Park	Salt Flat, Texas
Pecos National Historical Park	Pecos, New Mexico
Western Regional Office	San Francisco, California
Grand Canyon National Park	Grand Canyon Village, Arizona
Kings Canyon National Park	Three Rivers, California
Lake Mead National Recreation Area	Boulder City, Nevada
Sequoia National Park****	Three Rivers, California
Yosemite National Park	Yosemite National Park, California

**Serviced by North Cascades National Park.

***Serviced by Glen Canyon National Recreation Area.

****Serviced by Kings Canyon National Park.

OFFICES AND SITES	LOCATION
Office of Surface Mining Reclamation and Enforcement Division of Administrative Services	Washington, D.C
U.S. Fish and Wildlife Service Office of Safety and Health	Lakewood, Colorado
Region 1 Safety Office	Portland, Oregon
Coleman National Fish Hatchery	Anderson, California
Malheur National Wildlife Refuge	Princeton, Oregon
San Luis National Wildlife Refuge	Los Banos, California
William L. Finley National Wildlife Refuge	Corvallis, Oregon
Region 2 Safety Office	Albuquerque, New Mexico
Bosque del Apache National Wildlife Refuge	Socorro, New Mexico
Mescalero National Fish Hatchery	Mescalero, New Mexico
Region 3 Safety Office	Fort Snelling, Minnesota
Minnesota Valley National Wildlife Refuge	Bloomington, Minnesota
Region 6 Safety Office	Lakewood, Colorado
U.S. Geological Survey Administrative Division	Reston, Virginia
<u>Department of Labor</u>	
Bureau of Labor Statistics*	Washington, D.C.
Occupational Safety and Health Administration	
Headquarters*	Washington, D.C.
Atlanta Regional Office*	Savannah, Georgia
Denver Regional Office*	Denver, Colorado
Office of Workers' Compensation Programs*	Washington, D.C.
National Safety Council*	Itasca, Illinois



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 5 1995

APPENDIX 3
Page 1 of 8



Memorandum

To: Marvin Pierce, Acting Assistant Inspector General for Audits

From: Claudia P. Schechter, Director of Operations and Designated Agency Safety and Health Official (DASHO)
Claudia P. Schechter

Subject: Response to Draft Audit Report on the Safety and Health Program, Department of the Interior (Assignment No. C-IN-MOA-002-94)

I am pleased to respond for Bonnie Cohen, Assistant Secretary for Policy, Management and Budget, to your memorandum of August 9, 1995, on this subject. We have reviewed the draft report and comments are provided at Attachment 1.

In preparation of a response to the draft audit report, we shared the draft with a wide range of interested parties. These included the DOI Occupational Safety and Health Council, consisting of bureau safety and health managers, the DOI DASHO Council, consisting of bureau DASHOs, and the DOI Workers' Compensation Council, consisting of bureau personnel, safety and health, and management representatives. The attached response reflects their input, with that of the Office of the Secretary.

In addition to the Office of the Secretary response, we have included responses from four of the five bureaus specifically addressed in your report. Correspondence from the Bureau of Reclamation (Attachment 2), Bureau of Land Management (Attachment 3), National Park Service (Attachment 4), and the U.S. Fish and Wildlife Service (Attachment 5) is attached. The Bureau of Indian Affairs chose not to respond.

Though we understand the problems your schedule posed, I think I speak for the other DASHOs when I express some disappointment in the general nature of the draft report and the length of time to reach this point in the process. As a result, the information has lost some currency. Our response identifies a number of areas where substantial progress has been made in dealing with Program issues. Despite this, I want to express my overall appreciation for the efforts of the Audit Team on this assignment. Besides performing the tasks related to the primary audit, they undertook two supplemental audits at the request of the Assistant Secretary, examining occupational safety and health issues in the National Park Service and in the Menominee Tribal Enterprises, Bureau of Indian Affairs. The results of those audits are proving to be especially valuable in addressing described safety and health concerns in those organizations.

I look forward to receiving the final audit report. Please contact Jim Meredith, Acting Director, Office of Occupational Safety and Health, (303) 236-7128, or me, (202) 208-6254, if further discussion is necessary.

Attachments

[ATTACHMENTS 2-5 NOT INCLUDED BY OFFICE OF INSPECTOR GENERAL.]

Response
to
Office of the Inspector General Draft Audit Report, C-IN-MOA-002-94
Safety and Health Program
Department of the Interior
August 1995

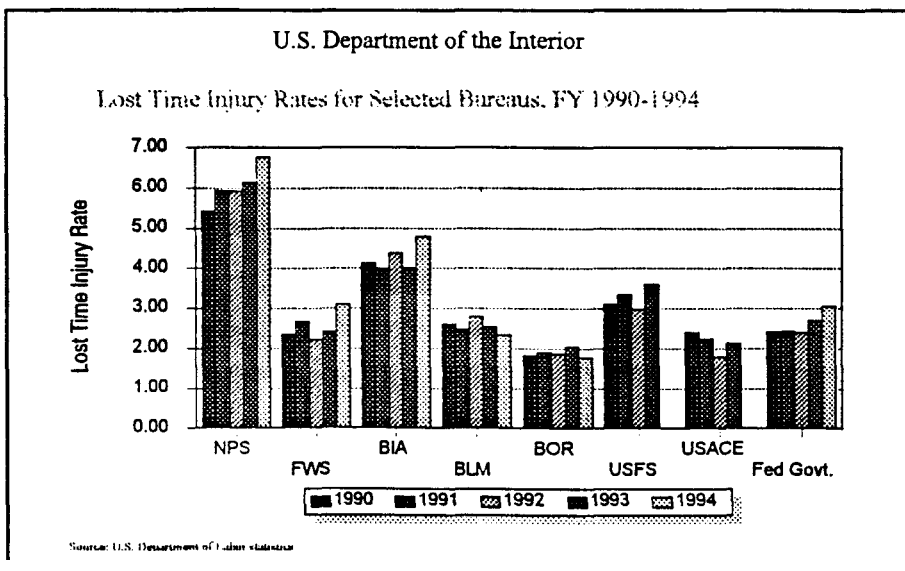
General Comments

The findings and conclusions contained in the report mirror those previously identified by Departmental management in ongoing Occupational Safety and Health (OSH) Program evaluations. We are somewhat disappointed in the lack of specificity in the report. Through implementation of the DOI Occupational Safety and Health Strategic Plan we have addressed or will be addressing many of the weaknesses identified in the report. This draft report has been formally discussed with the Occupational Safety and Health Council, consisting of bureau safety managers, the DASHO Council, consisting of the bureau DASHOs, and the Workers' Compensation Council, consisting of bureau personnel, safety, and field representatives. Their input has been incorporated into this response.

A. Management of the Safety and Health Program

● Use of Overall Injury Rates

We disagree with the use of overall injury rate information in the report. While any injury/illness is important we believe that lost time injury rates are more reflective of OSH Program effectiveness, as they represent an identifiable loss of resources and productivity. To this end, the Department is officially adopting lost time injury rates as one of five indicators of OSH Program performance. A chart showing the identified bureaus' lost time injury rates is shown below.



Regarding the statement on page 2, "...other Federal agencies...maintain significantly lower accident rates.. .", we believe that these agencies should be identified in the report for comparison purposes. We have included lost time injury rates for the U.S. Forest Service and the U.S. Army Corps of Engineers in the previously mentioned chart. While there maybe agencies with lower injury rates, we do not believe there is sufficient information to support the statement as written.

Regarding the statement on page 8, first paragraph, "Deficiencies in the safety programs were caused by a lack of policies and procedures . . . to analyze workplace accidents.. .", we believe that additional information and substantiation are needed to support this statement. Program deficiencies are not a question of policies and procedures, which our evaluations have indicated to be generally adequate. Nor is it a question of failure to analyze accidental injuries and illnesses, which will only identify potential areas for management attention. Instead, there is a clear need to better implement existing programs and policies, and to ensure that safety and health considerations are incorporated into everyday work decisions. For this reason we have adopted the Occupational Safety and Health Strategic Plan to address just these issues.

Lastly, we believe it is important to note that the majority of the bureaus have accident rates well below both the overall and lost time Federal Government rates, reflecting effective OSH Program management.

. Collateral Duty Safety Officers

Collateral Duty Safety Officers (CDSO) are the backbone of the OSH Program. The remote nature and small size of many of our field operating activities make it impossible to provide full-time OSH expertise at most of those locations. The CDSO seine as an immediate resource to managers and employees in dealing with local OSH matters. Lack of adequate CDSO training and support is a recognized weakness which we have been addressing through Strategic Plan implementation efforts.

Notable among those efforts is the FY 96 OSH Training Initiative. This initiative will develop exportable training packages targeted toward four audiences: employees, supervisors, managers, and CDSO. Of these, the CDSO training has been identified as the highest priority for development. We expect to have these products complete and ready for distribution by the end of FY 96.

During FY 96, we will also be conducting a focused examination of the CDSO role, to identify ways in which their visibility and the support they receive can be increased.

● OWCP Chargeback

We agree with the importance of increasing management awareness of the true cost of employee injuries and illnesses as it is borne by OWCP costs, and that the most effective way of doing so is through some distribution of those costs. However, what has become clearly apparent is that a simple across-the-board chargeback as directed in the May 1992 Secretarial Order, is not feasible due to the accounting and organizational complexities in the bureaus. As a result the FY 96 Strategic Plan implementation includes an action asking bureaus to develop OWCP cost

assessments and/or develop and implement budget incentives based on OWCP costs. We believe this performance-based approach will achieve the management awareness outcome identified in your report.

. Safety Committees

The statement on page 11 of the report regarding a requirement in 485 DM 9 for bureaus to establish safety committees is incorrect. 485 DM 9 recommends, but does not require, safety committees. Safety committees are a valuable tool, when properly used and supported, to utilize employee involvement to identify and address operating level OSH issues. We believe that they become less effective at higher levels of organizations. We strongly agree that management support is critical for their success at any level.

● Facilities Inspections

We agree with the findings on this subject. We believe this issue will be partially addressed through the FY 96 OSH Training Initiative and other Strategic Plan actions. However, we believe that facility OSH deficiencies will remain a major problem even if the inspection situation is addressed. With increasing budget constraints, facility managers may be forced to reduce preventive maintenance activities and to defer correction of safety deficiencies, at the risk of their employees and others. Additional recommendations on this subject would be welcome.

● Safety Management Evaluations

We agree with the findings on this subject; however, we believe the mechanism for the DASHO to serve as the mediator for disagreements is, in fact, already in place. As the transmitting official of the Safety Management Evaluation reports, the DASHO generally resolves these issues prior to publication of the final report. In any case, bureaus may still choose to nonconcur with findings and recommendations resulting from the evaluation process.

. Occupational Safety and Health Strategic Plan

The OSH Strategic Plan is the Department's tool for long-term Program improvement. With strong support of the executive leadership of the Department and bureaus, this mechanism is highly visible and provides a basis for the development and launch of initiatives to address Program weaknesses, including those identified in the audit report. Many of these initiatives are highly innovative and hopefully serve as a means for continuous Program improvement.

We would like to see expanded discussion of the Strategic Plan in the final report perhaps with a recommendation for continued long-term management support and commitment to its objectives and outcomes.

. Safety Management Information System (SMIS)

Though mentioned only briefly in the draft report SMIS is a critical element for future OSH Program improvement. We believe it is the key to quality accident analysis, identification of causal factors, and development of effective Program initiatives. SMIS has been identified as an essential Departmental administrative system and we are developing SMIS to become a part of the so called DOI Desktop for use throughout the Department. When completed this development will greatly improve the ability of users to analyze their accidents and allow easy access to a wide range of safety and health information sources. It is critical that adequate resources continue to be allocated for ongoing SMIS development and operation.

We would like to see expanded discussion of SMIS in the final report perhaps with a recommendation for long-term management support and resources for development and operation.

Section B. Management of Workers Compensation Cases

Over the past two years, the Department has seen a decrease in the growth rate of workers' compensation costs. Prior to FY 94 the average growth rate was approximately 7% per year. In FY 94 the rate decreased to 5.5% and in FY 95 the rate will be approximately 1%. In monetary terms, the reduction has been from \$2,000,000 annually to approximately \$500,000 this year.

We believe much more can be done to further reduce costs, The IG recommendation of establishing workers' compensation positions within each bureau will provide needed resources to expand and enhance continuing efforts toward aggressive active case management and return-to-work initiatives within the bureaus.

Because the Department of Labor (DOL) is solely responsible for determining eligibility for benefits, the statement on page 19, paragraph 1, indicating "ineligible claimants received . . ." should be reconsidered and the word "ineligible" deleted. A second alternative could be providing additional clarification indicating that DOL is responsible for determining eligibility.

In regards to the data stemming from a medical review of the long term roll by the Division of Medical and Health Services, we have been unable to substantiate the validity of that data. Inferences that reductions in the long-term rolls were a direct result of actions taken by the Division during the review should be verified. The two employees responsible for the review have retired and most specific medical supporting documentation was either destroyed or returned to OWCP-Department of Labor, before they retired. Therefore, it is recommended that all results from the review be deleted unless validated on a case by case basis to verify that any changes to the long term roll were indeed a direct result of that medical review. The Department's medical services staff has met with the Department of Labor's OWCP medical staff and has made significant changes to the OWCP medical review initiative to enhance this

program. The current initiative takes advantage of the DOL-OWCP long term roll review process which made the transition from pilot to fully implemented program this past year. DOI's program, instead, is concentrating on reducing new accessions to the long term roll by the 45th day post injury.

There is no question the Department can do more to bring employees on the long-term rolls back to light/limited duty positions. However, in order to bring the 600+ employees described in the report back to work and to realize an \$11.8 million savings, the Department's budget and FTE ceiling would need to be increased a like amount. To encourage bringing employees back from the long-term rolls, PMB has established a pool of 50 unfunded FTEs. Additional efforts under consideration include charging back the cost of OWCP to the lowest organizational level, encumbering the injured employee's position indefinitely, promoting a proactive safety program, and implementing a Departmental pilot nurse intervention program to minimize new accessions to the long-term rolls.

Finally, better management and oversight of workers' compensation cases and costs area Government-wide concern. The benefits offered to employees under the program exceed anything available in the private sector. As such, consideration should be given to reevaluating program legislation with an eye toward eliminating the tendency of retiring under OWCP. For example, require an injured employee to retire under OPM rules as soon as he/she reaches eligibility in terms of years of service and age, or place a limit on the number of years that compensation can be received. This change would save the Department millions of dollars annually. It is requested that a copy of the final report be sent to the Department of Labor along with a recommendation from the Inspector General that consideration be given to reevaluating program legislation.

Recommendation Comments

We understand that due to the scope of the OSH Program, it is difficult to identify specific areas for improvement. Nonetheless, we are disappointed in the lack of meaningful and significant recommendations coming from this audit. We also believe there are areas not addressed in the audit recommendations which warrant attention and provide comments as appropriate.

A. Management of the Safety and Health Program

Recommendation 1. Include, as part of the annual action plans and performance reviews of bureau programs, specific and measurable safety and health program initiatives as determined to be necessary by the Departmental and Bureau Designated Agency Safety and Health Officials.

Response. **Concur, in principle.** We believe that this action is currently being accomplished through implementation of the Occupational Safety and Health Strategic Plan. Implementation proposals in support of the Plan are developed in a cooperative effort between the OSH Council and the Office of Occupational Safety and Health for the upcoming fiscal year. The proposal is submitted to the DASHO Council for consideration and approval. Individual DASHOs take "ownership" of specific actions which are developed and implemented. Also included in the

implementation proposals are a variety of measures requiring individual bureau action. We suggest that this recommendation be modified to indicate this, with encouragement for its continued use and support for the Strategic Plan.

Recommendation 2. Establish a Safety Committee in each bureau office, as appropriate, for the purpose of assisting management in implementing Safety Program initiatives.

Response. **Concur, in principle.** As noted in the general comments on this subject we believe that Safety Committees can be valuable at field operating levels, if appropriately used and supported. They are less effective at upper management levels. We believe this recommendation should be reconsidered to reflect this.

Recommendation 3. Recognize the Department's Designated Agency Safety and Health Official as the mediator to resolve differences of opinion on health and safety issues between the bureaus and the Office of Occupational Safety and Health.

Response. **Concur, in principle.** We believe this is already the case, as established in the procedures for Safety Management Evaluations and other Program issues. The DASHO, as defined by 29 CFR 1960, is the senior management official in the Department with responsibility and authority to act on Occupational Safety and Health matters on behalf of the Secretary.

The Safety Management Evaluation process is a valuable tool for identifying safety and health issues requiring management attention. It not only helps identify individual bureau Program weaknesses and strengths, but from a Departmental perspective, helps identify cross-cutting issues affecting several bureaus. Expanding on this recommendation, we believe there is a need to review the overall SME process, to improve its value and effectiveness for both the bureaus and the Department as a whole. It is our intent to perform this review in the near future.

Recommendation 4. Establish a cost-awareness initiative by identifying, distributing, and charging (in full or in part) Workers' Compensation costs to the operating budget of the lowest practicable organizational unit of each bureau.

Response. **Concur, in principle.** We believe the real objective is to create management awareness of the true cost of accidental injury and illness. As noted in the general comments on this subject we have concluded that a Departmental chargeback directive is not realistic. We now believe that OWCP cost awareness is best achieved through a performance-based requirement with bureaus developing appropriate measures for their organization to create management cost reduction incentives. This item is identified as an FY 96 implementation item for the Strategic Plan. We believe this recommendation should be reconsidered to reflect this.

Recommendation 5. Conduct a study of each bureau to determine the levels of authority, staffing, and resources that are needed to implement safety and health programs that sufficiently comply with the safety standards contained in the Departmental Manual (485 DM).

Response. **Concur, in principle.** We believe it is extremely unlikely in the current budget environment that significant additional resources could be devoted to Program compliance. This recommendation should be reconsidered to emphasize the need to improve the support and quality of the current resources; e.g., full-time and collateral-duty safety personnel. As was identified in our general comments, we are using the Strategic Plan as the mechanism for initiatives to improve the effectiveness of existing Occupational Safety and Health resources. As examples, the FY 96 Training Initiative; the review of the Collateral Duty Safety Officers' role, and continued development of the Safety Management Information System. Additionally, it should emphasize the need for management to place high priority on safety and health issues when allocating overall resources.

Recommendation 6. Ensure that comprehensive facility safety inspections are conducted and identified health hazards are abated in accordance with the Departmental Manual (485 DM 6) and that occupational health inspections are conducted in accordance with the Departmental Manual (485 DM 7).

Response. **Concur.** We are obligated to provide safe and healthful work places for our employees. We believe that through the Strategic Plan initiatives we have identified in this response, we can improve our ability to conduct these inspections. As noted in our general comments on this subject budgetary pressures will make it even more difficult for managers to correct identified deficiencies.

In the Occupational Health area we are currently developing, in cooperation with the Public Health Service, a model Occupational Health Protocol for facility managers' use in evaluating Occupational Health needs. Also, our Occupational Health work group, consisting of bureau representatives working with the Office of Occupational Safety and Health is evaluating the 485 DM to determine if appropriate policy measures are in place.

B. Management of Workers' Compensation Cases

Recommendation. We recommend that the Assistant Secretary for Policy, Management and Budget establish an inspection program whereby the Department and its bureaus periodically review the case of each long-term Workers' Compensation claimant to determine the claimant's continued eligibility for benefits. To facilitate the inspection program, consideration should be given to establishing a Workers' Compensation case management position within each bureau.

Response. **Concur.** We share your concern regarding better management and oversight of claimants on the long-term rolls. Your recommendation to establish case management positions will provide necessary justification to support resources to implement an inspection program. The benefits to the Department will be reduced compensation costs, increased concentration by safety officials on safety issues and a deterrence to filing fraudulent claims because employees know claims are being monitored and investigated. However, given the current budget/FTE constraints it is suggested this recommendation be modified to indicate that a position should be established in each bureau via a new position, reprogramming an existing position (not impacting existing Occupational Safety and Health Program resources) or contracting.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/ Recommendation Reference	Status	Action Required
A.1, A.3, A.5, and A.6.	Implemented.	No further action is required.
A.2, A.4, and B.1	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

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